

CONFIDENTIAL

PROJECT REPORT

Phase 2 – Recommendations for Labour Market Data service provision

1.0 OVERVIEW

1.1 CONTEXT

Phase one of the project arose from member feedback on the quality of data and the overall service provided by the current contracted company, Capita. The Labour Market Data (LMD) service has recently not been promoted heavily by ECC Ltd in favour of more pressing business e.g. the introduction of ECC Online. In addition, we saw a declining participation in survey returns and service usage over the period 2012- 2015 in particular. Finally, as the service has been provided for more than seven years, it was deemed timely that data service provision was reviewed.

The introduction of mandatory gender reporting is related as HEIs will probably conduct more Equal Pay Reviews and conclude that they need to access and analyse LMD and also record recruitment and retention pay supplements. The provision of ECC Online in Summer 2015, has generated queries on how the new functionality can be used and developed, and specifically, the recording of recruitment and retention pay supplements for particular roles has provided further reason to review our current service.

Phase one of the project resulted in some web improvements made by Capita and a pleasing increase in ECC led LMD survey returns due to ECC's targeted communications with members. However, it was decided that the overall service provisions should also be reviewed as Phase two of the LMD project.

The purpose of this report is to provide recommendations for LMD service provision from 2017 onwards.

1.2 PROJECT OBJECTIVES

By 31 October 2016 to identify potential alternative providers of similar services, to enable ECC to consider options for future service provision (either through contracting a provider or a partner arrangement with another organisation).

To assume that the costing for the ongoing/new service will be to a level that can be managed within the ECC budget and not to incur additional cost to ECC members.

1.3 OUTLINE BUSINESS CASE

The project sought members' views on ECC members' market data and service needs in order that an appropriate service could be facilitated by ECC Ltd as part of the members' existing fees structure.

2. 0 PROJECT REVIEW

2.1 PROGRESS AGAINST KEY MILESTONES PHASE ONE

2.1.1 GATHERING AND ANALYSIS OF MEMBERS' DATA AND SERVICE NEEDS

- A representative sample of members was invited to take part in one of two focus groups at which a series of questions were posed. One focus group was integral to the Northern Universities Reward Group (NURG) meeting on 25th February 2015 and the second took place in London on 7 September 2015.
- ECC team members have also been able to feed in views from their experience of working with members.
- Other members who do not use the Labour Market Services and/or don't take part in the ECC-led pay surveys (approximately 25) were contacted by email offering information about the benefits of the LMD services and pay surveys. Follow up telephone calls were made to those interested in hearing more (four) and an increase of requests to access the Capita website for LMD information ensued. There were mixed views on members knowing nothing about the service to having ECC pay survey experience but a lack of awareness about the Capita website.
- An additional survey resulted in a number of views forwarded anonymously to ECC Ltd and these were reported to the LMD Steering Group in July 2015.

2.2 INITIAL IDENTIFICATION OF SUPPLIER OPTIONS

There are some potential alternative suppliers although some offer grading/ job evaluation tools that could pose a potential conflict of interest, if engaged by ECC Ltd. These include Aon Hewitt, HAY and Towers Watson.

3. RESOURCING

TEAM MEMBERS AND PARTNERS CONTRIBUTING

A temporary sub-group of the LMD Steering Group comprised of Kiva Falvey (ECC), Steve Bracher (Portsmouth) and Andrew Wright (Portsmouth), Ian Hodson (Lincoln) and Susanne Bradley (ECC) was convened. The sub- group met in August and September 2016 and carried out research between May and September 2016. Findings, service model options and recommendations were discussed with the Chair of the LMD Steering Group and ECC's Chief Executive in October 2016.

4.0 FINDINGS

The project demonstrated that the need for a labour market data service remains, but completion of surveys is likely to remain a significant challenge particularly as alternatives such as UCEA / XpertHR exist in the sector.

A number of options were produced by the sub-group of the LMD Steering Group comprised of Kiva Falvey (ECC), Steve Bracher (Portsmouth) and Andrew Wright (Portsmouth), Ian Hodson (Lincoln) and Susanne Bradley (ECC) and discussed with the Chair of the LMD Steering Group and ECC's Chief Executive.

The service options included a wide range from 'service cessation' to bringing the service 'in house to ECC'. After careful consideration and analysis of the risks, one option based upon a continuation of service via Capita emerged as the most appropriate.

Having explored the options, this paper presents what the authors feel is the most effective, achievable and affordable service model that provides ECC members with 'added value' cost-effectively.

5. 0 RECOMMENDATIONS

In the two sections below, there is firstly a statement of service requirements from 2017 onwards followed by the recommendations and proposed plan for future service provision.

5.1 Section A – The Service required

5.1.1 Statement of service requirements and Service Level Agreement base – UK data

1. for roles equivalent to up to pay spine 51 provide market data on request no later than 24 hours after a job description and spec is provided, this will be for up to 6 roles on average per year per member (i.e. up to 750 distributed across all or any members)
2. to provide commentary to members of trends by 6-8 occupational groups once a year e.g. procurement roles' salaries are rising due to austerity cuts in public service budgets

3. to provide Development/education sessions in conjunction with ECC Ltd of up to five per annum for which travel and subsistence is included/not payable out with the service costs agreed
4. to show LMD in the context of a whole job group (i.e. not just a couple of roles, as members need to see the whole context)
5. more accessible data is required e.g. XpertHR provide on-line data that is updated and can be refined with ease and members would like any future data provided via to be equally accessible
6. for the annual service cost to ECC Ltd to be no greater than the existing c.£70k pa costs, with appropriate provision in the contract for annual inflationary increases
7. production of ad hoc LMD discussion papers/case studies/outlook reports.

5.1.2 Statement of service requirements and Service Level Agreement base – International data

1. access to international LMD e.g. Commonwealth data and/or anonymised HEI surveys of at least one per annum
2. annual information about roles (international), paying UK university staff abroad and University and personal tax implications, where possible.

5.2 Section B – Recommendations and plan

5.2.1 Renegotiate what the Capita service looks like including cessation of the surveys

5.2.1.1 Although there was a pleasing increase in ECC- led LMD survey returns in 2016 due to ECC's targeted communications with members that brought contributions back to previous highs, the latest survey has seen a decrease of contributions again. It is always a 'battle' to get some members to engage and although some are advocates of the surveys, the completion of the survey is unpopular with a number of members, despite the good quality of the reports and the invaluable contribution the LMD Steering Group make to their design and production. The absence of a link to HESA codes (as XpertHR does) is a further weakness of the existing surveys. XpertHR provide a more comprehensive tool than Capita and there are currently contributions from more than a 100 UK HEIs. XpertHR has advanced analytical capabilities and easy links to job types that make it the tool of choice that eclipses Capita's reports.

In contrast, the Helpdesk Reports are seen as useful and the continuance of these but with an overall cap (rather than a 6 per HEI cap) would be desirable.

Members have increasingly requested a **range of services** including **Labour Market Data Development Days, commentary on LMD trends and the possibility of international pay surveys.**

A small number of other potential providers exist, but are problematic in terms of conflict of interest. By remaining with Capita, members will enjoy continued access to historical data

and be able to build upon Capita's knowledge of the sector (and indeed familiarity with many ECC member organisations) to bring **horizon scanning and bespoke LMD research that ECC can commission.**

Although there are some risks that members may not relish the prospect of 'losing' the surveys and the reports, it is believed that the risks can be successfully managed, assuming Capita are willing to negotiate. The plan below describes how this could be achieved whilst at the same time, promoting the refreshed service.

5.2.1.2 The estimated costs are firstly opportunity costs to carry out the plan below in section 5.3.2 and £10k to re-market the service (this would be an additional £10k on top of existing budget unless it can be included in the £70k existing budget).

5.2.2 Plan for a refreshed service via Capita

1. Initial step - For the Board to task the Chief Executive in conjunction with the Chair of the LMD Steering Group to update the LMD Steering Group of the plans for an approach to Capita to provide an annually reviewable service from them/Capita. Secondly to ask the group to continue with revised terms of reference to include provision of feed-in of ideas for service provision (specifically around commissioning of bespoke market reports), to accept reports on activities and member development and to monitor service delivery from Capita.

2. Second step – Seek agreement with Capita to the revised service with effect from 1 August 2017 (to be negotiated by Nicholas Johnston and Susanne Bradley ideally at a cap of £60k pa).

3. Third Step -If Capita agree to the revised service that they work with ECC to decide a communications plan that will include:

a. advising members what is being discontinued (surveys and reports) but promoting and emphasising the added value of what will be available without any membership fee increase (no later than 31 3 17), and also emphasising the fact that the redesign is in response to member feedback; and

b) secondly by 31 3 17 to produce a survey of international pay whose findings will be reported no later than 31 12 17. Nicholas Johnston and Susanne Bradley will consider and implement the best way to further promote the refreshed service in 2017 that may include ECC's staff and Associates.

4. Future proofing via newly Role Analysis trained staff- The LMD service now has a higher profile in the standard Introduction to Role Analysis Training Event. Continuance of this will ensure that HERA trained staff know of the service and can either use it or let appropriate colleagues in their HEI know about it. As lead for training and consultancy, Sandra Walton will ensure that this practice is continued.

5. Future proofing via networks– To ensure that LMD service standards are maintained, the Northern Universities Reward Group (NURG) will continue to have this as a standard agenda item. Kerry Bullen will consider if this can be replicated at the Southern Universities Reward Network (SERN) and Craig Paterson will propose this to the SHRPEN Scottish Network too.

6. Continuous Development of Staff – ECC team members listened carefully to members regarding their LMD needs and in particular noted an interest in Development Days as mentioned in section 5.3.1.1. this was actioned and resulted in a well received session on 31 October 2016 in Stirling. The day included home and international LMD and was delivered by member speakers as well as knowledgeable and engaging representatives from suppliers of

LMD and an Equal Pay legal specialist. The focus was on sharing best practice (including member experience) and a pragmatic approach to using LMD to determine and record recruitment and retention pay supplements within a pressured HR environment. Following good feedback and interest from other regions, the session will be delivered in two other areas in 2017. Susanne Bradley will convene the days within existing budget (vired from the Towers Watson based Using Your Database budget head) in liaison with Kiva Falvey.

5.2.3 Contingency Plan

If it is not possible to reach agreement with Capita on the redesigned service model, it is recommended that the service requirements (detailed at sections 5.1.1 and 5.1.2 above) are subject to tender process(es).

6. 0 CONCLUSION

It is suggested that the recommendations and plan above in section 5.2 are considered by ECC's Board on 24 November 2016 and if accepted, that the recommendations are conveyed to the LMD Steering Group and the ECC team for implementation.

Lesley Donnithorne, Nicholas Johnston and Susanne Bradley.

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